

## Message Text

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ACTION XMB-04

INFO OCT-01 EA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-05 NSAE-00 RSC-01 TRSE-00 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 /042 W

----- 051178

P R 130905Z DEC 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 9118

INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: BPRO, EFIN, RP

SUBJECT: EXIM CREDIT LINE FOR GA MACHINERIES, INC.

REF: STATE 266297

1. RECENTLY RECEIVED G.A. MACHINERIES, INC. (GAMI) ANNUAL REPORT STATES FIRM'S NET INCOME IN 1973 AMOUNTED TO P5 MILLION AND THAT RETAINED EARNINGS AT THE END OF 1973 AMOUNTED TO P6.4 MILLION. CURRENT ASSETS AT THE END OF 1973 EXCEEDED CURRENT LIABILITIES BY NEARLY P11 MILLION. ACCORDING CREDIT REPORT CURRENT SURPLUS HAD RISEN TO MORE THAN P14 MILLION BY MID-74.

2. REPORT STATES DEVELOPMENT BANK OF PHILIPPINES GUARANTEE OF FIVE YEAR BF 22.7 MILLION LOAN IS SECURED BY MORTGAGE ON TRACTORS FINANCED BY LOAN AND REAL ESTATE AND OTHER ASSETS OF COMPANY. FIRM ALSO OWED AT END OF 1973 ABOUT P5 MILLION TO LOCAL BANKS SECURED BY REAL ESTATE MORGAGES AND STOCK PLEDGES.

3. CREDIT REPORTS AVAILABLE EMBASSY DO NOT PROVIDE DETAILED INFORMATION ON LAW SUITS REPORTED REFTEL. HOWEVER, IN ABSENCE OF INFORMATION  
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INDICATING THAT SUITS INVOLVE CONSIDERABLE SUMS AND

HAVE GOOD PROSPECTS OF SUCCESS, CHANCES OF THEIR  
AFFECTING CREDIT WORTHINESS OF GAMI APPEAR SLIGHT.

4. GAMI IS ONE OF A GROUP OF COMPANIES CONTROLLED BY  
THE HEIRS OF GREGORIO ARANETA. THE GROUP'S INTERESTS  
IN VARIOUS MANUFACTURING, FINANCIAL AND OTHER ENTERPRISES  
AND ITS LINKS WITH OTHER PHILIPPINE BUSINESS GROUPS MAKE  
IT ONE OF THE MOST INFLUENTIAL IN THE PHILIPPINES. THE  
TOTAL ASSETS OF THE COMPANIES IN THE GROUP ARE SEVERAL  
TIMES LARGER THAN THOSE OF GAMI.

5. VICENTE ARANETA IS A SON OF GREGORIO ARANETA. EMBASSY  
BELIEVES HIS PERSONAL NET WORTH IS SUBSTANTIAL.  
HOWEVER, IN ABSENCE OF FINANCIAL STATEMENT EMBASSY CANNOT  
CONFIRM THAT HIS PERSONAL GUARANTEE FULLY ADEUQATE TO  
COVER GAMI'S POTENTIAL EXPOSURE TO EXIM.

6. EMBASSY NOTES THAT OTHER MAJOR CREDITORS OF GAMI  
HAVE OBTAINED SECURITY IN FORM AND AMOUNT CONSISTENT  
WITH EXPOSURE. PERSONAL GUARANTEE OF VICENTE ARANETA  
MAY BE MOST CONVENIENT FORM OF GUARANTEEING EXIM  
EXPOSURE BUT MR. ARANETA'S PERSONAL FINANCIAL  
STATEMENT WOULD APPEAR NECESSARY TO DETERMINE APPROP-  
RIATE LIMITS FOR EXPOSURE.  
ARNOLD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CREDIT, BANK LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
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**Drafter:** n/a  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION XMB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 74 STATE 266297  
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**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 AUG 2002  
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**Review Transfer Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EXIM CREDIT LINE FOR GA MACHINERIES, INC.  
**TAGS:** BPRO, EFIN, APER, RP, GA MACHINEIES INC, XMB, (THACHER, PETER)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005